



ASX / MEDIA RELEASE

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SOUTH MARSH ISLAND 74 D-14 WELL PLUGGED AND ABANDONED

- The Byron operated SM74 D14 BP1 exploration well has been drilled to a total depth of 14,933 MD, 13,591 TVD having logged wet sands in the primary objective
- This disappointing outcome unfortunately represents a commercial failure on the part of the project
- SM74 D14 BP1 Plug and abandon operations have begun
- Real-time Gamma Ray and Resistivity logs were acquired indicating thick high-quality wet sands with low quality thin resistive possibly hydrocarbon bearing sands suggesting a failed trap
- Metgasco has pre-paid its contribution for SM74 drilling operations and is sufficiently funded for any additional costs that may result from operations

The Board of Metgasco Ltd (ASX:MEL) (Metgasco, or, the Company) advises that the Byron operated SM74 D14 Bypass No.1 ("D14 BP1") well was drilled to a depth of 14,933 feet measured depth ("MD")/ 13,591 feet true vertical depth ("TVD"). As of 5:00 AM US Central Daylight Time on 4 July 2019, the D14 BP1 well has been drilled through the 13,000 Sand and also the 13,500 Sand which was the primary objective. Through the use of real-time gamma and resistivity logging tools, the well bore has been deemed uncommercial and is currently being plugged and abandoned. Because the first two primary objectives were wet and due to difficult hole conditions, it was decided not to drill deeper and current operations are to plug and abandon the hole.

The presence of stacked thick, high quality wet sands interbedded with thin resistive show sands, is indicative of a trapping fault seal that has failed, leaving only thin, non-commercial residual hydrocarbons in place. This stratigraphic combination is interpreted to have produced the observed seismic amplitudes. The SM74 D14 BP1 and the D14 original hole ("D14 OH) wells logged several minor resistive sands with indicative hydrocarbon shows within the lower 13,000 Sand zone of interest (as previously announced by Metgasco on 25 June 2019) and these sands have also been deemed uncommercial.

Byron faced significant challenges during the drilling of the SM74 deep prospect resulting in stuck drill pipe in the D14 original wellbore (D14 OH) which required the drilling of the D14 BP1 bypass wellbore. The concerted efforts of Byron's staff, external advisors, vendors and providers allowed the bypass well to be safely and efficiently drilled to a depth sufficient to test the prospect. The Byron operated well was managed by Stokes & Spiehler, Byron's primary consulting drilling engineers utilising the White Fleet Drilling Rig WFD350 with primary downhole and mud services provided by Halliburton.

Plugging and abandonment operations will be ongoing into next week. Metgasco will issue a final progress report on the SM74 D14 BP1 plug and abandon operations when they are complete.

The Board of Metgasco will imminently undertake a corporate review of the Company's operations with the objective of maximising shareholder returns notwithstanding this setback.

CEO Comment

Ken Aitken, Metgasco CEO:

"Clearly this result is very disappointing for Metgasco and Byron. I would like to thank operator Byron for their professionalism in overcoming the difficult technical challenges of drilling the raptor prospect off the SM73 D Platform."

Contact and further information:

Metgasco welcomes shareholder communication and invites all interested shareholders to make contact at any time.

ENDS

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